

MORIHARA LAU & FONG LLP

A LIMITED LIABILITY LAW PARTNERSHIP

September 15, 2009

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PUBLIC UTILITIES
COMMISSION

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, Hawaii 96813
Attention: Ji Sook Kim, Esq.

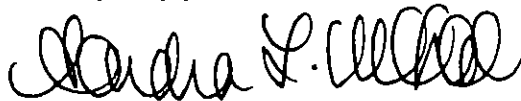
Re: Docket No. 2009-0049 – In the Matter of the Application of Wai'ola O
Moloka'i, Inc. ("WOM"), for review and approval of rate increases; revised rate
schedules; and revised rules: Response to Request for Clarification of WOM's
"Penalty" Charge

Dear Commissioners and Commission Staff:

During the course of the recent public hearing held on September 3, 2009 regarding the above-referenced docket, a question was raised asking for clarification of the "penalty" charge referenced in WOM's proposed rate schedule. The \$500.00 penalty charge referred to can be found in Rule 25 of WOM's General Water Service Rules and Regulations Covering the Supply of Water to Consumers ("Rules and Regulations"). Specifically, Rule 25 allows WOM to charge customers who violate its Rules and Regulations a \$500.00 penalty charge in lieu of or in addition to discontinuance of service. This rule appears to have been in existence ever since WOM's Rules and Regulations went into effect at the time its initial rates were approved. However, as Ms. Hammond mentioned at the public hearing, she is not aware of any instance when such penalty was imposed during her tenure at Molokai Ranch. A copy of the rule is enclosed for your information.

Thank you for your consideration in this matter. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Michael H. Lau
Yvonne Y. Izu
Sandra L. Wilhide

Morihara Lau & Fong LLP
Attorneys for Wai'ola O Moloka'i, Inc.

Enclosure

c w/enclosure:

Consumer Advocate
Mr. Peter A. Nicholas

RULE 24
SEVERABILITY

If any rule, section, sentence, clause, or phrase of these Rules and Regulations or its application to any person or circumstance or property is held to be invalid, the remaining portions of these Rules and Regulations or the application of these Rules and Regulations to other persons or circumstances or property shall not be affected. The Company hereby declares that it would have adopted these Rules and Regulations, and each and every rule, section, sentence, clause, or phrase thereof, irrespective of the fact that any one or more other rules, sections, sentences, clauses, or phrases be declared unconstitutional or invalid.

RULE 25
PENALTY

The Company may, in lieu of or in addition to discontinuance of service, assess a penalty of Five Hundred and No/100 Dollars (\$500.00) against any customer who violates these Rules and Regulations. Each day in which a violation occurs shall be considered a separate violation and upon five (5) successive days of violation, service will be discontinued in addition to the monetary penalties assessed. Any change in ownership or occupancy of premises shall not be cause for reducing or eliminating these penalties.